

Foster Care Reimbursement Rate Committee:

Essential Rate Workgroup Rate

Proposed Essential Foster Care Reimbursement Rate and Methodology

Age of Child	Annual Reimbursement Rate
0 - 5	\$ 8,124.72
6 - 11	\$ 9,876.57
12 - 17	\$ 10,485.87

Age of Child	Proposed Daily Reimbursement Rate
0 - 5	\$ 22.26
6 - 11	\$ 27.06
12 - 17	\$ 28.73

Methodology in Brief:

1. Needed one rate for all Nebraska divided into 3 age groups (0-5 years, 6-11 years, and 12-17 years).
2. As a starting point, the *USDA's Expenditures on Children by Families (2017)* estimates were used.
 - a. Report estimates what families actually spend on their children rather than the minimum cost of raising a child. This provides a more realistic estimate of a rate needed for foster parents to support children in their care.
 - b. Report divides expenditures into income groupings of families and into geographic regions – for our purposes, we were interested in low- and middle-income family expenditures and the rural and Midwest urban geography categories.
3. Expenditures from the report were based on 2015 figures. This workgroup updated using 2019 figures.
4. Expenditures on children by families are categorized into Housing, Food, Transportation, Clothing, Health Care, Child Care and Education, and Miscellaneous expenses.
 - a. Since most foster children receive Medicaid, health care expenses were deleted from the total in every case.
 - b. It is assumed most non-school aged children will receive a child care subsidy, but school aged children attending public school still will likely have education expenses. To account for this, the child care and education expense was removed from the total for children 0-5. For children 6-17, the education expenditures for low-income families remained in the total.
5. Low- and middle-income expenditures were then averaged while accounting for the education expense special circumstance as detailed above.
6. In order to determine the weights of expenditures based on geography, DHHS' definition of urban and rural counties was used (Dakota, Douglas, Lancaster, and Sarpy counties are considered urban). Data from Nebraska DHHS- DCFS was collected to determine the distribution of children in out-of-home care in urban vs. rural counties. This distribution was then applied to

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the two total expenditures geography groups to combine into one rate with three age groups for the whole state.

7. Finally, an inflation adjustment was applied to adjust the dollar amount for the midpoint for the years in which the proposed rate will be used.
 - a. Increase of 6% assuming 3% inflation annually over a 4 year period.

Rate Change Timeline

- 2012 FCRRRC submitted their first legislative report. FCRRRC recommended the essential rates used today.
- 2013 Legislation was passed and signed into law enforcing the use of the recommended rates proposed by the FCRRRC in 2012.
- 2014 Essential, Enhanced and Intensive rates were implemented statewide
- 2016 FCRRRC submitted their second legislative report indicating no recommended rate change
- 2019 DHHS implemented an 'across the board' 2% rate increase for all services including the essential, enhanced and intensive rates for foster care
- 2020 FCRRRC will make recommendations for rates in their third legislative reports
- 2021 In order for changed rates to be implemented, legislation must be introduced in the 107th Legislature
- 2022 If passed, rates would go into effect, likely at the beginning of 2022
- 2024 FCRRRC will submit their forth legislative report